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15 UNITED STATES DISTRICT COURT
16 NORTHERN DISTRICT OF CALIFORNIA
17 SAN FRANCISCO DIVISION

18 NEXTDOOR.COM, INC., a Delaware
19 corporation,

20 Plaintiff,

21 v.

22 RAJ ABHYANKER, an individual,

23 Defendant.

24 Case No.: 3:12-cv-05667-EMC-NMC

25 **NOTICE OF MOTION AND MOTION
TO DISMISS NEXTDOOR.COM,
INC.'S CLAIMS FOR DECLARATORY
RELIEF FOR LACK OF
JUSTICIABILITY**

26 Date: September 18, 2014
27 Time: 1:30 p.m.
28 Courtroom: 5, 17th Floor
Judge: Hon. Edward M. Chen

MOTION TO DISMISS NEXTDOOR.COM'S
CLAIMS FOR DECLARATORY RELIEF FOR
LACK OF JUSTICIABILITY

CASE NO. 3:12-cv-05667-EMC-NMC

NOTICE OF MOTION AND MOTION

TO ALL PARTIES AND THEIR COUNSEL OF RECORD:

3 **PLEASE TAKE NOTICE** that on September 18, 2014 at 1:30 p.m., or as soon thereafter
4 as the matter may be heard, in the courtroom of the Honorable Edward M. Chen, 450 Golden
5 Gate Avenue, San Francisco, California, Plaintiff Nextdoor.com, Inc. will and hereby does move
6 for an order dismissing without prejudice Nextdoor.com, Inc.'s Count II for lack of justiciability
7 pursuant to Federal Rules of Civil Procedure 41(a)(2). This motion is based upon this Notice of
8 Motion and Motion and the Memorandum of Points and Authorities in support thereof, the
9 pleadings and other papers on file in this action, and any other oral or written submissions as the
10 Court may entertain.

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SAN FRANCISCO

MEMORANDUM OF POINTS AND AUTHORITIES

INTRODUCTION

Plaintiff Nextdoor.com, Inc. (“Nextdoor.com” or the “Company”) seeks to dismiss without prejudice¹ its claim for declaratory judgment of non-infringement of Abhyanker’s alleged FATDOOR and FATDOOR GET TO KNOW YOUR NEIGHBORS marks (Count II). Because Abhyanker dismissed, with prejudice, his parallel counterclaims, no justiciable controversy remains between the parties on this issue, and Nextdoor.com’s Count II should be dismissed without prejudice. [Dkt. Nos. 224, 226].

FACTUAL BACKGROUND

I. ABHYANKER HAS NO REMAINING CLAIMS AGAINST NEXTDOOR.COM

On November 5, 2012, Nextdoor.com instituted the present action seeking to resolve the parties' dispute regarding Abhyanker's allegations of trademark infringement and put an end to Abhyanker's harassment. Nextdoor.com's Complaint against Abhyanker sought a declaratory judgment of non-infringement of Abhyanker's alleged NEXTDOOR marks (Count I); a declaratory judgment of non-infringement of Abhyanker's alleged FATDOOR and FATDOOR GET TO KNOW YOUR NEIGHBORS marks (Count II); a judgment regarding Abhyanker's alleged Cyperpiracy (Count III); and a judgment regarding Abhyanker's alleged infringement of Nextdoor.com's NEXTDOOR mark (Count IV).

Abhyanker counterclaimed, alleging, among other claims, that Nextdoor.com infringed Abhyanker’s purported rights in NEXTDOOR, FATDOOR and FATDOOR GET TO KNOW YOUR NEIGHBORS. [Dkt. 132, Second Amended Answer and Counterclaims (“SAAC”)]. Since then, however, all of Abhyanker’s claims against Nextdoor.com have been resolved. On May 16, 2014, this Court entered an Order and Partial Final Judgment fully resolving the question of ownership of the NEXTDOOR Mark and that Nextdoor.com “owns trademark rights in and

¹ Nextdoor.com sought to stipulate to dismissal without prejudice of its Count II, the subject of this motion, but Abhyanker has refused, and has indicated his intention to oppose the instant motion.

1 has priority of use of the NEXTDOOR mark in the field of online social networking.” [Dkt. 192
 2 at 3]. Additionally, Abhyanker’s claims to priority of use and ownership of the NEXTDOOR
 3 mark were dismissed with prejudice. [Dkt. Nos. 192 and 193].

4 Thereafter, and at Abhyanker’s request [Dkt. 224], on June 17, 2014, this Court entered an
 5 Order dismissing with prejudice each and every one of Abhyanker’s remaining claims against
 6 Nextdoor.com, including any claims for infringement of Abhyanker’s alleged FATDOOR and
 7 FATDOOR GET TO KNOW YOUR NEIGHBORS marks. [Dkt. 226]. This was on the heels of
 8 his statement on the record, during his deposition, disavowing his claims against Nextdoor.com:
 9 “I think we should cancel all the depositions and cancel this case. I want to drop both
 10 counterclaims. I want this case to go away.” June 7, 2014 Deposition of Raj Abhyanker at
 11 389:15-17. By dismissing his claims with prejudice, Abhyanker has conceded that there is no
 12 infringement of any of his purported rights by Nextdoor.com, which is the very issue
 13 Nextdoor.com sought to be decided through its declaratory judgment action. Thus, the only
 14 remaining live issues for trial involve Abhyanker’s cyberpiracy and his infringement of
 15 Nextdoor.com’s NEXTDOOR Mark (Counts III and IV).

16 **II. ABHYANKER’S INFRINGEMENT CLAIM, NOW DISMISSED WITH
 17 PREJUDICE, IS PARALLEL TO THE CLAIM NEXTDOOR.COM SEEKS TO
 18 DISMISS**

19 Among the allegations Abhyanker has now dismissed against Nextdoor.com are his
 20 infringement claims, which directly correspond to the declaratory relief claim Nextdoor.com
 21 seeks to dismiss. Specifically, in its Complaint, Nextdoor.com sought a declaration that it was
 22 and is lawfully using the NEXTDOOR Mark and not committing infringement of any purported
 23 rights held by Abhyanker in the terms “fatdoor” and “Fatdoor get to know your neighbors.” Dkt.
 24 1 (“Complaint”) at ¶ 63. Abhyanker’s corresponding counterclaims alleged that Nextdoor.com
 25 infringes his purported rights in the FATDOOR and FATDOOR GET TO KNOW YOUR
 26 NEIGHBORS marks. SAAC at ¶197-207 (Counterclaims II and III). Abhyanker has now
 27 dismissed with prejudice these same claims: “Abhyanker, on behalf of himself and any entities
 28 he controls, now or in the future, wishes to dismiss with prejudice and forever release all

1 remaining counterclaims against Nextdoor.com and Janakiraman. Dkt. 224 at ¶3.

2 **ARGUMENT**

3 **I. THERE IS NO JUSTICIABLE ISSUE REGARDING ABHYANKER'S**
4 INFRINGEMENT COUNTERCLAIM

5 Article III of the Constitution grants the federal courts the power “to decide legal
 6 questions only in the context of actual ‘Cases’ or ‘Controversies.’” *Alvarez v. Smith*, 130 S. Ct.
 7 576, 580 (2009). An “actual controversy” must exist not only “at the time the complaint is filed,”
 8 but through “all stages” of the litigation. *Alvarez v. Smith*, 558 U.S. 87, 92 (2009) (internal
 9 quotation marks omitted); *Arizonaans for Official English v. Arizona*, 520 U.S. 43, 67 (1997) (“To
 10 qualify as a case fit for federal-court adjudication, ‘an actual controversy must be extant at all
 11 stages of review, not merely at the time the complaint is filed.’”). A case becomes moot—and
 12 therefore no longer a “Case” or “Controversy” for purposes of Article III—“when the issues
 13 presented are no longer ‘live’ or the parties lack a legally cognizable interest in the outcome.”
 14 *Murphy v. Hunt*, 455 U.S. 478, 481 (1982); *Already, LLC v. Nike, Inc.*, 133 S.Ct. 721 (2013)
 15 (dismissal of claims with prejudice, together with covenant not to sue rendered corresponding
 16 claim for declaratory relief moot).

17 Abhyanker’s disavowal and subsequent with-prejudice dismissal of his claims of
 18 infringement against Nextdoor.com, based on his own purported rights in FATDOOR and
 19 FATDOOR GET TO KNOW YOUR NEIGHBOR marks, renders Nextdoor.com’s Count II
 20 moot, as there is no longer a ‘live’ dispute between the parties. Further, it precludes him from
 21 asserting an infringement action based on claims he made or could have made in this action.
 22 *Intermedics, Inc. v. Ventritex, Inc.*, 775 F. Supp. 1258, 1262-63 (N.D. Cal. 1991) (“voluntary
 23 dismissal, with prejudice, entered by stipulation of the parties, is considered a final judgment on
 24 the merits for purposes of *res judicata*”) citing *Eichman v. Fotomat Corp.*, 759 F.2d 1434, 1438-
 25 39 (9th Cir.1985); *San Remo Hotel, L.P. v. City & Cnty. of San Francisco*, 545 U.S. 323, 336
 26 n.16 (2005) (issues previously adjudicated may not be further litigated). To wit, Abhyanker has
 27 committed to “forever release all remaining counterclaims” against Nextdoor.com. [Dkt. 224 at
 28 ¶3].

1 In the wake of Abhyanker's dismissal of his own parallel counterclaim of infringement
 2 with prejudice, there is no justiciable controversy with respect to any previously alleged
 3 infringement of Abhyanker's purported rights in either the FATDOOR or FATDOOR GET TO
 4 KNOW YOUR NEIGHBORS marks. Accordingly, the Court should dismiss without prejudice,
 5 Nextdoor.com's request for a declaratory judgment regarding Abhyanker's purported rights in
 6 either the FATDOOR or FATDOOR GET TO KNOW YOUR NEIGHBORS marks against
 7 Nextdoor.com. That issue has already been decided.

8 **II. DISMISSAL WITHOUT PREJUDICE WILL NOT PREJUDICE DEFENDANT**

9 Rule 41(a)(2) provides that "unless otherwise specified in the order, a dismissal under this
 10 paragraph is without prejudice." Courts generally exercise their discretion under the rule by
 11 granting dismissal without prejudice absent demonstrable legal prejudice to the defendant. *See*
 12 *generally* 8 MOORE'S FEDERAL PRACTICE 3d § 41.40 [5]. Indeed, "the decision to grant a
 13 voluntary dismissal under Rule 41(a)(2) is addressed to the sound discretion of the District
 14 Court..." *Kern Oil Refining Co. v. Tenneco Oil Co.*, 792 F.2d 1380, 1389 (9th Cir. 1986);
 15 *Sharper Image Corp. v. Neotec, Inc.*, 373 F. Supp. 2d 993, 1000 (N.D. Cal. 2005) (dismissing
 16 without prejudice patent infringement claims rendered moot by summary judgment ruling). "The
 17 purpose of the rule is to permit a plaintiff to dismiss an action without prejudice so long as the
 18 defendant will not be prejudiced or unfairly affected by dismissal." *Stevedoring Servs. of Am. v.*
 19 *Armilla Intern. B.V.*, 889 F.2d 919, 921 (9th Cir. 1989) (*citations omitted*). "A district court
 20 should grant a motion for voluntary dismissal under Rule 41(a)(2) unless a defendant can show
 21 that it will suffer some plain legal prejudice as a result." *Smith v. Lenches*, 263 F.3d 972, 975
 22 (9th Cir. 2001). "Legal prejudice" is defined as "prejudice to some legal interest, some legal
 23 claim, some legal argument." *Id.* at 976 (quotation marks omitted). "[T]he expense incurred in
 24 defending against a lawsuit does not amount to legal prejudice." *Westlands Water Dist. v. United*
 25 *States*, 100 F.3d 94, 97 (9th Cir. 1996). Nor is there legal prejudice "simply when defendant
 26 faces the prospect of a second lawsuit or when plaintiff merely gains some tactical advantage."
 27 *Hamilton v. Firestone Tire & Rubber Co.*, 679 F.2d 143, 145 (9th Cir. 1982).

1 Here, defendant Abhyanker has already dismissed with prejudice his claims regarding
2 Nextdoor.com's alleged infringement of the FATDOOR and FATDOOR GET TO KNOW
3 YOUR NEIGHBORS marks. *See* Dkt. No. 226. This dismissal is an adjudication on the merits
4 of his legal interest or claim with respect to Nextdoor.com's alleged infringement of these marks.
5 *Stewart v. U.S. Bancorp*, 297 F.3d 953, 956 (9th Cir. 2002) (The phrase “final judgment on the
6 merits” is often used interchangeably with “dismissal with prejudice.”); *Intermedics*, 775 F. Supp.
7 at 1262-63 (finding that a “voluntary dismissal, with prejudice, entered by stipulation of the
8 parties, is considered a final judgment on the merits for purposes of res judicata”) citing *Eichman*
9 v. *Fotomat Corp.*, 759 F.2d 1434, 1438-39 (9th Cir.1985). Thus, Abhyanker has no legal interest
10 left in his infringement claims regarding the FATDOOR and FATDOOR GET TO KNOW
11 YOUR NEIGHBORS marks; and without a legal interest he cannot suffer legal prejudice. The
12 Court should therefore dismiss without prejudice Nextdoor.com's parallel declaratory judgment
13 claim, for non-infringement of these very same marks.

CONCLUSION

15 For the foregoing reasons, Nextdoor.com's Count II should be dismissed without
16 prejudice.

18 | Dated: August 8, 2014

FENWICK & WEST LLP

By: /s/ Jennifer L. Kelly
Jennifer L. Kelly

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Nextdoor.com Inc.

28 MOTION TO DISMISS NEXTDOOR.COM'S
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FOR LACK OF JUSTICIABILITY